

FIT TO WIN

Hemas' Continued Focus on Consumer and Healthcare Delivers Strong First Quarter Performance

Chief Executive Officer's Review

Hemas Holdings PLC (HHL) delivered yet another strong quarter amidst challenging operating environment conditions with key businesses gaining momentum in all areas. The Group's continued focus on growing the Consumer and Healthcare businesses along with operational excellence, contributed to the resilient performance. However, the resurgence of COVID-19 positive cases, and inter provincial and localised limitations on movement resulted in the growth momentum slowing down towards the latter part of the quarter. In addition, the market witnessed inflationary headwinds impacting the profitability growth.

All sectors witnessed a steady growth in comparison to the lower operating results in the base quarter, which was impacted by the island wide lockdown in 2020. All key entities reached pre-COVID performance levels this quarter. The Group recorded a consolidated revenue of Rs.16.4 billion for the quarter ended June 30, 2021, an increase of 26.7 per cent over last year. HHL achieved a Group operating profit of 1.1 billion, a growth of 77.5 percent over the last year same quarter, whilst the Group earnings of Rs.637.3 million is an increase of Rs.367.9 million over the previous year. Group earnings excluding the remaining leisure assets stood at Rs.720.4 million, a growth of 63.6 per cent over last year. Prudent liquidity management measures have further strengthened the cash position of the Group, validating its current Fitch rating of "AAA (Ika)- Outlook Stable".

Consumer Brands

The Consumer Brands sector recorded a revenue of Rs.5.4 billion and earnings of Rs.230.1 million as a result of its continued focus in increasing distribution reach and brand excellence. The impact of the third wave COVID-19 had on distribution channels was lower than the previous year, with Industry, Government and Trade channel's preparedness resulting in the sector seeing a double-digit year-on-year volume growth across the channels.

Efficiency improvement initiatives across the businesses and cost rationalisation complemented by revenue growth helped in translating operating losses recorded last year into operating profits this quarter. However, margins were under pressure due to the surge in commodity prices globally.

During the quarter, HPC Sri Lanka delivered a robust volume-led growth although the pandemic continues to influence consumer behaviors and channel dynamics in our market. Consumption of certain discretionary categories were adversely impacted whilst key categories within personal care, personal wash and laundry continued to gain momentum and improved market share. Whilst the new products that were launched last year continued to gain traction in the market, *Baby Cheremy* herbal range was further expanded by introducing the new Cologne into the portfolio during the quarter.

HPC International showed a resilient performance on the back of an improved recovery in Bangladesh during the first two months of the quarter following the relaunch of *Kumarika* in the last quarter of FY 21. Although the value-added hair oil segment has seen improvements, the resurgence of COVID-19 cases in Bangladesh slowed down demand towards the end of the quarter.

Further, OTC brands, *Lacto*, *Gripe* and *Valmelix* continued to perform strongly with increased revenue and profit contribution to the segment.

Atlas witnessed a year-on-year growth with improved sales across all key categories including books and pens. While closure of schools resulted in a contraction of the stationery market, a favourable consumer shift was seen within modern trade channels and e-commerce platforms. The Atlas e-shop managed to successfully capitalize from the growth in online trade. Atlas, in leveraging its key design and technology capability, introduced a first in a series of themed based notebooks under its "*Atlas*" and "*Innovate*" ranges, targeted at specific market segments. Atlas continues to focus on improving the reach of the brand through multiple channels and has engaged with students/schools through its '*Sip Savi*' and '*Sip Udana*' programmes. The business has witnessed an increase in demand for craft related school and colour products as activity-based learning at home continues to gain traction.

Healthcare

Hemas Healthcare Sector posted a revenue of Rs.10.5 billion whilst first quarter operating profits and earnings stood at Rs.835.1 million and Rs.621.3 million respectively. Performance was broad based with all sectors growing competitively whilst hospitals experienced a strong recovery surpassing pre-COVID performance levels.

Pharmaceutical businesses delivered a stable revenue growth during the quarter. However, steep exchange rate depreciation continues to impose pressure on profit margins across both segments impacting the overall sector profitability. Our new oral solid dosage manufacturing plant in Sri Lanka, is expected to commence commercial production towards the end of the second quarter, barring any unforeseen events arising due to the prevailing environment. Myanmar distribution operations continued to face challenges due to political uncertainty and exchange losses adding to the margin pressure. In demonstrating our commitment to providing quality service to stakeholders, Hemas Pharmaceuticals received the ISO-9001 accreditation this quarter.

Both Thalawathugoda and Wattala hospitals witnessed an average year-on-year occupancy growth of 10 per cent reporting 58 per cent and 44 per cent occupancy respectively. This along with improved in-patient footfall and surgical revenue, drove the performance of the sector, whilst lean initiatives and resultant cost savings further supported the robust profitability improvement. Responding to the increased need for healthcare with the surge in COVID-19 positive cases, the business introduced four new intermediary care centers along with a dedicated ICU for COVID patients in western province. With its improved focus for clinical and operational excellence, Hemas Hospitals became the first hospital to receive the COVID-19 Safety Certification accredited by Sri Lanka Standards Institute (SLSI).

Mobility

During the quarter, Mobility Sector reported a revenue of Rs.586.6 million whilst operating profits and earnings stood at Rs.241.7 million and Rs.130.3 million respectively.

Despite a 24.0 per cent increase in the volume of TEUs handled by the Port of Colombo over last year's first quarter, Maritime Business continued to face challenges with vessels opting to bypass the port of Colombo to recover the schedules. However, changes in freight rates positively impacted the performance of the segment.

The logistics business of the Group, Spectra, onboarded new clients to its Distribution Center enabling high utilisation throughout the quarter, and leased a new facility to cater to clients with bulk storage requirements. The depot business mix changed positively with increase in laden volumes and witnessed a growth in the transportation vertical, resulting in significant improvements in its operating profits and earnings.

Aviation business witnessed a year-on-year improvement due to improved conditions of the operating environment compared to last year. Despite the challenges brought by the third wave of the pandemic, with factories not being able to operate in full capacity, cargo segment managed to sustain its operations. Passenger segments continued to face challenges during the quarter under review with travel restrictions imposed by many European countries and United Arab Emirates (UAE) on passengers originating from Sri Lanka and Government restrictions on inbound passengers.

Sustainability

The Group has in place a sustainability management framework based on identified material topics and continued to monitor its key sustainability and risk indicators in adherence to internal sustainability SOP's.

The Group companies continued working towards reducing the impact its operations have on the environment and society at large by striving to achieve the established Group Environmental Goals which mandates a reduction in its energy and water consumption and zero waste to landfill by 2025. As a part of this strategy, businesses with significant operations have started the process of moving towards greater utilisation of renewable sources of energy. Further augmenting the sustainability drive, the Group has aligned two of its key impact areas of plastic and environmental footprint to the national agenda and has embarked on a journey of responsible plastic consumption and increasing and protecting the forest cover of Sri Lanka. HPC Sri Lanka introduced *Dandex* and *Kumarika* buddy packs to provide an affordable and sustainable alternative to single use sachet packets and *Baby Cheramy* introduced bamboo cotton buds, offering a more environmentally friendly option to consumers.

Enriching the lives of the communities we serve remains a key priority in our sustainability agenda. The *Fems AYA* initiative focusing on improving menstrual health of Sri Lankan women introduced a high-quality sanitary napkin at an attractive price point of below hundred rupees to the market. In addition, it completed Train the Trainer programme as a first step towards educating women on menstrual health and hygiene, and it's long-held myths and misconceptions. Hemas Hospitals launched '*Deewara Diri Sevana*' to support and empower the fishing community whose livelihood were impacted by the marine destruction caused by the X-Press Pearl ship disaster. As a part of the programme, Hemas Hospitals Wattala offered free OPD consultation services to these families to ensure their wellbeing by providing access to healthcare services. Our Learning Segment Atlas under its '*Sip Udana*' umbrella launched an activity-based programme focused on providing opportunities for primary school children and teachers to be exposed to new styles of learning during the pandemic. The first national center for children with disabilities *AYATI* a public and private partnership initiated by Hemas provided its tele-health service to families who were in lockdown.

Outlook

While the Group had a steady start to the year, outlook reflects a more challenging near-term environment. We are taking appropriate actions and remain confident in our strategies along with our fundamental brand performance to create long-term shareholder value. Despite the uncertainty related to the extent and length of the third wave, Hemas will continue to actively participate in helping the nation fight the pandemic. We are optimistic about the Government's vaccination programme and anticipate a path to economic recovery in the medium term.

I take this opportunity to thank team Hemas, especially our multiple sales forces, and hospitals frontline workers who continued to be agile, innovative and work tirelessly to ensure the needs of the nation are met. I am extremely proud of the excellent support system and the collaborative culture that is instilled within us which prompts all sectors to act as one team in living the Group's purpose. The past few months have been challenging, but I am confident that this team of passionate individuals will continue to push the Group forward as we continue to live our purpose "healthful living" by serving the communities of our nation.



Kasturi C. Wilson
Group Chief Executive Officer
August 13, 2021
Colombo

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 June		
	2021	2020	Change %
Continuing Operations			
Revenue from Contracts with Customers	16,404,119	12,948,941	26.7%
Cost of Sales	(11,747,439)	(9,470,179)	24.0%
Gross Profit	4,656,680	3,478,762	33.9%
Other Operating Income	133,652	247,332	-46.0%
Selling and Distribution Expenses	(1,485,813)	(1,284,210)	15.7%
Administrative Expenses	(2,148,843)	(1,765,166)	21.7%
Share of Results of Equity Accounted Investees (Net of Tax)	(64,090)	(61,725)	3.8%
Operating Profit	1,091,586	614,993	77.5%
Finance Cost	(141,087)	(226,350)	-37.7%
Finance Income	95,275	49,996	90.6%
Profit Before Tax from Continuing Operations	1,045,774	438,639	138.4%
Income Tax Expense	(376,413)	(148,759)	153.0%
Profit for the Period from Continuing Operations	669,361	289,880	130.9%
Discontinued Operations			
Loss After Tax from Discontinued Operations	-	(192,534)	100.0%
Profit for the Period	669,361	97,346	587.6%
Attributable to:			
Equity Holders of the Parent	637,305	269,378	136.6%
Non-Controlling Interests	32,056	(172,032)	118.6%
	669,361	97,346	587.6%

	LKR	LKR
Earnings Per Share		
Basic	1.07	0.45
Annualised	4.27	1.81
Diluted	1.07	0.45
Earnings Per Share (Continuing Operations)		
Basic	1.07	0.61
Diluted	1.07	0.61
Dividend Per Share	1.45	-

All values are in LKR'000s, unless otherwise stated.
The above figures are provisional and subject to audit.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 June	
	2021	2020
Profit for the Period	669,361	97,346
Other Comprehensive Income		
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		
Net Movement on Cash Flow Hedges	(18,552)	45,042
Income Tax Effect	(1,271)	(1,777)
Exchange Differences on Translation of Foreign Operations	33,351	(6,836)
	13,528	36,429
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		
Net Profit /(Loss) on Financial Assets at FVOCI (Equity)	1,737	(146)
	1,737	(146)
Other Comprehensive Income for the Period, Net of Tax	15,265	36,283
Total Comprehensive Income for the Period, Net of Tax	684,626	133,629
Attributable to:		
Equity Holders of the Parent	640,107	303,376
Non-Controlling Interests	44,519	(169,747)
	684,626	133,629

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June		As at 31 March
	2021	2020	2021
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	17,602,537	19,997,342	17,539,695
Investment Properties	1,942,099	1,647,591	1,942,099
Right-of-Use Assets	1,872,933	2,087,200	1,878,697
Intangible Assets	3,273,149	3,424,764	3,289,618
Investment in Equity Accounted Investees	492,538	771,763	556,526
Lease Receivables	131,996	160,012	139,939
Other Non-Current Financial Assets	207,346	531,508	208,979
Deferred Tax Asset	143,644	193,958	144,281
	25,666,242	28,814,138	25,699,834
Current Assets			
Inventories	17,062,024	13,956,262	15,450,580
Trade and Other Receivables	14,237,629	13,884,054	13,654,581
Tax Recoverable	205,075	251,996	156,553
Lease Receivables	64,609	56,127	65,053
Other Current Financial Assets	69,619	74,567	109,678
Cash and Short-Term Deposits	6,663,737	5,998,626	8,458,109
	38,302,693	34,221,632	37,894,554
Total Assets	63,968,935	63,035,770	63,594,388
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,776,111	7,734,054	7,776,111
Other Capital and Revenue Reserves	184,540	225,287	180,806
Other Components of Equity	2,163,728	1,423,203	2,160,926
Retained Earnings	21,549,852	18,843,611	21,777,539
Equity Attributable to Equity Holders of the Parent	31,674,231	28,226,155	31,895,382
Non-Controlling Interests	1,602,855	3,180,553	1,542,904
Total Equity	33,277,086	31,406,708	33,438,286
Non-Current Liabilities			
Interest-Bearing Loans and Borrowings	3,568,496	4,860,850	3,195,867
Other Non-Current Financial Liabilities	292,869	2,155,012	277,518
Deferred Tax Liability	1,361,001	1,695,109	1,363,032
Employee Benefit Liability	1,036,439	1,035,975	1,032,978
	6,258,805	9,746,946	5,869,395
Current Liabilities			
Trade and Other Payables	16,599,518	17,899,607	17,947,195
Dividend Payable	864,992	-	-
Income Tax Liabilities	569,952	330,946	602,547
Other Financial Liabilities	1,708,658	-	1,973,244
Interest-Bearing Loans and Borrowings	3,942,462	2,251,335	3,259,651
Bank Overdraft	747,462	1,400,228	504,070
	24,433,044	21,882,116	24,286,707
Total Equity and Liabilities	63,968,935	63,035,770	63,594,388
Net Assets per share - (LKR)	53.10	47.36	53.47

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These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Zalmi Fazeel

Chief Financial Officer

The Board of Directors is responsible for these financial statements.
Signed for and on behalf of the Board by,



Husein Esufally
Chairman
Colombo
August 13, 2021



Kasturi Chellaraja Wilson
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							Non - Controlling Interests	Total Equity
	Stated Capital	Other Capital & Revenue Reserves	Revaluation Reserve	Other Component of Equity Foreign Currency Translation Reserve	Fair Value Reserve of Financial Assets at FVOCI	Cash Flow Hedge Reserve	Retained Earnings		
As at 1 April 2020	7,734,054	216,800	1,781,625	121,847	(259,597)	(254,670)	18,574,233	3,560,170	31,474,462
Profit for the Period	-	-	-	-	-	-	269,378	(172,032)	97,346
Other Comprehensive Income	-	-	-	(6,836)	(146)	40,980	-	2,285	36,283
Total Comprehensive Income	-	-	-	(6,836)	(146)	40,980	269,378	(169,747)	133,629
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	(120,960)	(120,960)
Share Based Payments	-	8,487	-	-	-	-	-	-	8,487
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	51,287	51,287
Adjustment in Respect of Changes in Group Holding	-	-	-	-	-	-	-	(140,197)	(140,197)
As at 30 June 2020	7,734,054	225,287	1,781,625	115,011	(259,743)	(213,690)	18,843,611	3,180,553	31,406,708
As at 1 April 2021	7,776,111	180,806	2,637,592	173,403	(342,165)	(307,904)	21,777,539	1,542,904	33,438,286
Profit for the Period	-	-	-	-	-	-	637,305	32,056	669,361
Other Comprehensive Income	-	-	-	22,901	1,736	(21,835)	-	12,463	15,265
Total Comprehensive Income	-	-	-	22,901	1,736	(21,835)	637,305	44,519	684,626
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	(249,154)	(249,154)
Final Dividend - 2020/21	-	-	-	-	-	-	(864,992)	-	(864,992)
Share Based Payments	-	3,734	-	-	-	-	-	-	3,734
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	264,586	264,586
As at 30 June 2021	7,776,111	184,540	2,637,592	196,304	(340,429)	(329,739)	21,549,852	1,602,855	33,277,086

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COMPANY STATEMENT OF PROFIT OR LOSS

	Three Months Ended 30 June		
	2021	2020	Change %
Revenue from Contracts with Customers	228,135	211,852	7.7%
Cost of Sales	-	-	0.0%
Gross Profit	228,135	211,852	7.7%
Other Operating Income	752,018	100,000	652.0%
Administrative Expenses	(280,236)	(143,309)	95.5%
Operating Profit	699,917	168,543	315.3%
Finance Cost	(8,205)	(17,108)	-52.0%
Finance Income	6,958	6,840	1.7%
Profit Before Tax	698,670	158,275	341.4%
Income Tax Expense	(121,483)	(4,694)	2488.0%
Profit for the Period	577,187	153,581	275.8%

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended 30 June	
	2021	2020
Profit for the Period	577,187	153,581
Other Comprehensive Income		
Net Gain on Financial Assets at FVOCI	274	15
Other Comprehensive Income for the Period, Net of Tax	274	15
Total Comprehensive Income for the Period, Net of Tax	577,461	153,596

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COMPANY STATEMENT OF FINANCIAL POSITION

	As at 30 June		As at 31 March
	2021	2020	2021
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	69,640	112,463	74,919
Investment Properties	728,800	699,300	728,800
Right-of-Use Assets	98,391	38,940	-
Intangible Assets	73,027	92,625	81,564
Investment in Subsidiaries	17,456,468	17,330,481	16,569,869
Other Non-Current Financial Assets	13,263	149,015	12,987
	18,439,589	18,422,824	17,468,139
Current Assets			
Trade and Other Receivables	360,234	348,336	241,464
Tax Recoverable	18,680	20,434	1,291
Other Current Financial Assets	182,731	239,318	372,453
Cash and Short-Term Deposits	221,808	342,251	213,340
	783,453	950,339	828,548
Total Assets	19,223,042	19,373,163	18,296,687
EQUITY AND LIABILITIES			
Equity			
Stated Capital	7,776,111	7,734,054	7,776,111
Other Capital and Revenue Reserves	405,891	446,638	402,157
Other Components of Equity	(295,448)	(148,957)	(295,722)
Retained Earnings	9,244,922	9,898,165	9,532,727
Total Equity	17,131,476	17,929,900	17,415,273
Non-Current Liabilities			
Deferred Tax Liability	119,999	134,677	119,426
Employee Benefit Liability	67,926	48,777	78,004
	187,925	183,454	197,430
Current Liabilities			
Trade and Other Payables	509,605	475,149	408,984
Dividend Payable	864,992	-	-
Income Tax Liabilities	121,795	-	-
Interest-Bearing Loans and Borrowings	383,611	729,510	275,000
Bank Overdraft	23,638	55,150	-
	1,903,641	1,259,809	683,984
Total Equity and Liabilities	19,223,042	19,373,163	18,296,687
Net Assets per share - (LKR)	28.72	30.08	29.19

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Zalmi Fazeel
Chief Financial Officer

The Board of Directors is responsible for these financial statements.
Signed for and on behalf of the Board by,



Husein Esufally
Chairman
Colombo
August 13, 2021



Kasturi Chellaraja Wilson
Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Other Capital Reserves	Other Components Of Equity	Retained Earnings	Total Equity
			Fair Value Reserve of Financial Assets at FVOCI		
As at 1 April 2020	7,734,054	438,151	(148,972)	9,744,584	17,767,817
Profit for the Period	-	-	-	153,581	153,581
Other Comprehensive Income	-	-	15	-	15
Total Comprehensive Income	-	-	15	153,581	153,596
Share Based Payments	-	8,487	-	-	8,487
As at 30 June 2020	7,734,054	446,638	(148,957)	9,898,165	17,929,900
As at 1 April 2021	7,776,111	402,157	(295,722)	9,532,727	17,415,273
Profit for the Period	-	-	-	577,187	577,187
Other Comprehensive Income	-	-	274	-	274
Total Comprehensive Income	-	-	274	577,187	577,461
Share Based Payments	-	3,734	-	-	3,734
Final Dividend 2020/21	-	-	-	(864,992)	(864,992)
As at 30 June 2021	7,776,111	405,891	(295,448)	9,244,922	17,131,476

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STATEMENT OF CASH FLOWS

Three Months Ended 30 June	Group		Company	
	2021	2020	2021	2020
Operating Activities				
Profit Before Taxation from Continuing Operations	1,045,774	438,639	698,670	158,275
(Loss) Before Taxation from Discontinued Operations	-	(207,795)	-	-
Adjustments for,				
Depreciation	274,011	306,860	5,696	6,548
Amortisation of Right-of-Use Assets	72,181	71,819	14,056	12,980
(Gain)/ Loss on Disposal of Property, Plant and Equipment, Investment Properties	(7,728)	(3,089)	(15)	-
(Gain)/Loss on Sale of Non-Current Investments	-	(11,331)	-	-
Provision for Share Based Payment Expense	3,734	8,487	348	1,846
Provision for Impairment of Trade and Other Receivables	12,829	128,755	(2,303)	12,175
(Reversal)/Provision for Obsolete Stocks	15,164	40,436	-	-
Amortisation of Intangible Assets	17,387	18,902	8,536	7,572
Exchange (Gain)/Loss on Foreign Currency Borrowings	21,622	(5,749)	-	-
Finance Cost	141,087	235,264	8,205	17,108
Finance Income	(95,275)	(51,249)	(6,958)	(6,840)
Share of Results of Equity Accounted Investees (Net of Tax)	64,090	61,725	-	-
Investment Income	-	-	(751,467)	(100,000)
Movement in Employee Benefit Liability	42,588	36,315	3,750	3,000
Operating Cash Flows before Working Capital Changes	1,607,464	1,067,989	(21,482)	112,664
Working Capital Adjustments				
(Increase)/Decrease in Inventories	(1,626,609)	(436,707)	-	-
(Increase)/Decrease in Trade and Other Receivables	(595,580)	1,731,871	(112,010)	(109,330)
Increase/(Decrease) in Trade and Other Payables	(1,347,677)	108,701	100,618	(5,498)
Increase/(Decrease) in Other Non-Current Financial Liabilities	-	(383)	-	-
Cash Generated from Operations	(1,962,402)	2,471,471	(32,874)	(2,164)
Finance Cost Paid	(107,692)	(205,686)	(7,208)	(15,665)
Finance Income Received	94,556	49,704	6,863	6,776
Income Tax Paid	(459,057)	(387,284)	(16,503)	-
Employee Retirement Benefit Paid	(39,129)	(11,332)	(13,829)	-
Net Cash Flows From/(Used in) Operating Activities	(2,473,724)	1,916,873	(63,551)	(11,053)
Investing Activities				
Purchase of Property, Plant and Equipment	(336,080)	(296,816)	(417)	(175)
Investment in Intangible Assets	(310)	(4,722)	-	-
Net Movement in Financial Assets	15,789	31,758	188,748	(40,000)
Acquisition of /Investment in Subsidiaries	-	-	(886,600)	-
Disposal of Subsidiaries	-	(76,214)	-	-
Investment Income Received	-	-	751,467	100,000
Proceeds on Disposal of Property, Plant and Equipment/ Intangible Assets / Leasehold Properties/ Investment Properties	12,953	20,239	15	-
Net Cash Flows From/(Used in) Investing Activities	(307,648)	(325,755)	53,213	59,825
Financing Activities				
Interest-Bearing Loans and Borrowings (Net)	959,411	(1,097,285)	(4,832)	(106,457)
Proceeds from/to Non-Controlling Interest	-	6,500	-	-
Dividends Paid to Non-Controlling Interest	(249,154)	(120,960)	-	-
Net Cash Flows From/(Used in) Financing Activities	710,257	(1,211,745)	(4,832)	(106,457)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,071,115)	379,373	(15,170)	(57,685)
Net Foreign Exchange Difference	33,351	(1,910)	-	-
Cash and Cash Equivalents at the Beginning of the Period	7,954,039	4,220,935	213,340	344,786
Cash and Cash Equivalents at the End of the Period	5,916,275	4,598,398	198,170	287,101

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SEGMENTAL INFORMATION

Three Months Ended 30 June	Consumer Brands		Healthcare		Mobility		Others*		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Continuing Operation										
Revenue from Contract with Customers										
Segmental Revenue - Gross	5,572,736	3,885,015	11,242,634	9,064,023	653,068	533,383	309,017	299,818	17,777,455	13,782,239
Intra Segmental Revenue	(169,296)	(48,057)	(783,256)	(424,178)	(9,660)	(20,499)	(63,774)	(32,529)	(1,025,986)	(525,263)
Segment Revenue	5,403,440	3,836,958	10,459,378	8,639,845	643,408	512,884	245,243	267,289	16,751,469	13,256,976
Inter Segmental Revenue	(49,475)	-	-	-	(56,791)	(57,102)	(241,084)	(250,933)	(347,350)	(308,035)
Total Revenue from Contract with Customers	5,353,965	3,836,958	10,459,378	8,639,845	586,617	455,782	4,159	16,356	16,404,119	12,948,941
Results										
Segmental Results	216,902	(47,684)	835,070	647,230	233,317	33,962	(129,613)	43,210	1,155,676	676,718
Finance Cost	(5,713)	(53,696)	(103,323)	(136,282)	(25,431)	(28,504)	(6,620)	(7,868)	(141,087)	(226,350)
Finance Income	45,779	26,287	17,222	8,246	28,370	4,990	3,904	10,473	95,275	49,996
Share of Results of Equity Accounted Investees (Net of Tax)	-	-	-	-	8,363	9,176	(72,453)	(70,901)	(64,090)	(61,725)
Profit/(Loss) before Tax from Continuing Operations	256,968	(75,093)	748,969	519,194	244,619	19,624	(204,782)	(25,086)	1,045,774	438,639
Income Tax	(42,696)	307	(147,598)	(96,383)	(46,458)	(36,304)	(139,661)	(16,379)	(376,413)	(148,759)
Profit/(Loss) for the Period from Continuing Operations	214,272	(74,786)	601,371	422,811	198,161	(16,680)	(344,443)	(41,465)	669,361	289,880
Loss After Tax from Discontinued Operations (Note 06)	-	-	-	-	-	-	-	(192,534)	-	(192,534)
Profit/(Loss) for the Period	214,272	(74,786)	601,371	422,811	198,161	(16,680)	(344,443)	(233,999)	669,361	97,346
Attributable to:										
Equity Holders of the Parent	230,149	(22,567)	621,268	469,779	130,331	(43,053)	(344,443)	(134,781)	637,305	269,378
Non-Controlling Interests	(15,877)	(52,219)	(19,897)	(46,968)	67,830	26,373	-	(99,218)	32,056	(172,032)
	214,272	(74,786)	601,371	422,811	198,161	(16,680)	(344,443)	(233,999)	669,361	97,346

* Results of remaining businesses of Leisure segment has been reclassified to "Others" segment, pursuant to the disposal of Serendib Hotels PLC and Its Subsidiaries which represented material component of Leisure Segment.

All values are in LKR'000s, unless otherwise stated.

The above figures are provisional and subject to audit.

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of Preparation

The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS- 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

2 Employee Share Option Scheme (ESOS)

(a) Employee Share Option Scheme (ESOS) - 2015

The Board of Directors, with the approval in principal of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 10 April 2015, to create a Employee Share Option Scheme (ESOS) to offer 13,900,000 ordinary shares being 2.4% of the total number of shares in issue to Executive Directors and Senior Executives of the Company and its Subsidiaries whom the Board deems to be eligible to be awarded the shares.

Accordingly the options were granted to the Executive Directors and Senior Executives of the Company and its subsidiaries as follows,

	Date Of Grant	No of Shares Granted	Grant Price (LKR)	Vesting Period	No of Shares Vested	Exercise Period
Grant 1	27.07.2015	3,053,750	82.00	1 Year	2,574,423	3 Years
Grant 2	27.07.2016	3,008,750	87.50	1 Year	2,421,867	3 Years
Grant 3	27.07.2017	3,420,000	149.50	1 Year	2,034,796	3 Years
Grant 4	27.07.2018	3,491,250	108.81	1 Year	2,032,822	3 Years
Grant 5	27.07.2019	4,115,000	69.00	1 Year	2,204,212	3 Years
Grant 6	27.07.2020	2,630,758	60.00	1 Year	1,924,064	3 Years

Under the Group's Employee Share Option Scheme (ESOS), share options of the parent are granted to executives of the Group/ Company generally with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vested after period of one year from the date of grant and it depends on the performance criteria and time criteria. The fair value of the share options is estimated at the grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

The exercise period for each option granted is three years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

(b) Employee Share Option Scheme (ESOS) - 2021

The Board of Directors, with the approval in principal of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 30 June 2021, to create a Employee Share Option Scheme (ESOS) to offer 13,500,000 ordinary shares being 2.26% of the total issued and fully paid ordinary voting shares of the Company. The ESOS 2021 is applicable to Eligible Employees, who are employees of a company in the Hemas Group.

The purchase of Shares underlying a Vested Option shall be the volume-weighted average price taking into consideration all the transactions of the Shares during the thirty (30) Market Days immediately preceding the Grant Date, subject to any adjustment as may be required in the event of any increase in the number of Shares (example by way of the rights issue, issue of Shares as fully paid by the capitalization of reserves and subdivision of Shares etc.) or decrease in the number of Shares (example consolidation or repurchase of Shares) howsoever taking place during the Vesting Period or Exercise Period.

Grant Period

The Grant Period under the ESOS 2021 shall commence on 20 July 2021 and end on 19 July 2026

Vesting Period

The Vesting Period under the ESOS 2021 shall be the period of one year from the grant date when the shares are vested to any Eligible Employee which shall be no later than 19th July 2026.

Exercise Period

The Exercise Period will commence on the day immediately after the last day of a Vesting Period of such Grant and end on the fifth anniversary of such date.

No provision has been made in the financial statements with respect to the share based payment transaction under ESOS 2021.

- 3 The Covid-19 pandemic continues to have an impact on the financial performance of the Group. With the continued rise in the rate of infection, the future impact of the pandemic on the economy, global demand and supply cannot be reasonably ascertained, at this time.

- 4 Hemas Holdings PLC invested Rs.886.6Mn in Morlan (Pvt) Ltd, a newly incorporated fully owned subsidiary on 29 June 2021 to acquire a strategic asset related to the mobility sector.

5 Event After The Reporting Date

There were no circumstances have arisen since the reporting date, which would require adjustment to or disclosure in the financial statements.

- 6 There have been no significant changes in the nature of the contingent liabilities which were disclosed in the Audited Financial Statements for the year ended 31 March 2021.

7 Result from Discontinued Operations

Serendib Hotels PLC and Its Subsidiaries

In LKR '000

Revenue from Contracts with Customers

Cost of Sales

Gross Profit

Other Operating Income

Selling and Distribution Expenses

Administrative Expenses

Operating Profit

Finance Cost

Finance Income

Loss Before Tax

Income Tax Expense

Loss for the Period from Discontinued Operations

Attributable to:

Equity Holders of the Parent

Non-Controlling Interests

(Loss) per Share (Discontinued Operations)

Basic

Diluted

Cash Flows From / (Used in) Discontinued Operations

In LKR '000

Three Months Ended 30 June

Net Cash Flows From/(Used in) Operating Activities

Net Cash Flows From/(Used in) Investing Activities

Net Cash Flows From/(Used in) Financing Activities

Net Increase/(Decrease) in Cash and Cash Equivalents

Three Months Ended 30 June	
2021	2020
-	42,323
-	(8,324)
-	33,999
-	3,939
-	(2,907)
-	(235,164)
-	(200,133)
-	(14,770)
-	7,109
-	(207,794)
-	15,260
-	(192,534)
-	(93,316)
-	(99,218)
-	(192,534)
LKR	LKR
-	(0.16)
-	(0.16)
-	(2,530)
-	6,487
-	39,500
-	43,457

INVESTOR INFORMATION

	Three Months Ended 30 June	
	2021	2020
Market Value of Shares		
Closing Price on 30 June (LKR)	81.60	63.60
Highest Price During the Period (LKR)	87.00	65.00
Lowest Price During the Period (LKR)	79.00	54.00
Market Capitalisation on 30 June (LKR Mn)	48,678	37,908
Ratios		
Net Asset Per Share on 30 June (LKR)	53.10	47.36
Price Earnings Ratio on 30 June (Times)	19.10	35.33
Share Trading		
No of Transactions During the Period	4,577	2,184
No of Shares Traded During the Period	10,632,694	23,081,835
Value of Shares Traded During the Period (LKR. Mn)	870	1,406
Number of Shares	596,546,025	596,043,425

SHARE INFORMATION

List of 20 Major Shareholders as at 30 June	2021		2020	
	No. of Shares	%	No. of Shares	%
1 A Z Holdings (Pvt) Ltd.	94,092,305	15.77	94,092,305	15.79
2 Saraz Investments (Pvt) Ltd.	89,565,277	15.01	89,565,277	15.03
3 Blueberry Investments (Pvt) Ltd.	88,927,940	14.91	88,927,940	14.92
4 Amagroup (Pvt) Ltd.	88,927,333	14.91	88,927,333	14.92
5 BBH-Kopernik Global All Cap Fund	16,019,905	2.69	11,712,513	1.97
6 BNYMSANV Re-First State Investments ICVC-Stewart Investors Indian Subcontinent Sustainability Fund.	13,733,689	2.30	8,510,807	1.43
7 HSBC Intl Nominees Ltd-JPMLU-Franklin Templeton Investment Funds	12,862,845	2.16	31,709,070	5.32
8 BBH-Kopernik Global All Cap Equity Fund	12,263,194	2.06	6,710,972	1.13
9 BNYMSANV Re-Lf Ruffer Investment Funds : LF Ruffer Pacific and Emerging Markets Fund	10,000,000	1.68	-	-
10 Phoenix Ventures (Pvt) Limited.	9,796,683	1.64	9,235,804	1.55
11 BNYMSANV Re-First State Investments ICVC-Stewart Investors Asia Pacific Sustainability Fund.	7,453,742	1.25	6,085,356	1.02
12 HSBC Intl Nom Ltd-JPMCB- Pacific Assets Trust PLC	7,043,079	1.18	7,043,079	1.18
13 Rubber Investment Trust Ltd Account 1	6,791,308	1.14	5,382,525	
14 Mr. M.A.H. Esufally	6,164,633	1.03	6,164,633	1.03
15 Mr. H.N. Esufally	5,791,640	0.97	5,791,640	0.97
16 CB London s/a Verdipapirfondet Holberg Rurik	5,520,000	0.93	7,371,000	1.24
17 Mellon Bank N.A-United Technologies CORP	5,488,757	0.92	-	-
18 Mr. M.J.Fernando	5,448,160	0.91	5,448,160	0.91
19 Mr. I.A.H. Esufally	4,586,284	0.77	4,586,284	0.77
20 Ceylon Investment PLC	4,021,719	0.67	-	-

Directors' Shareholding as at 30 June	2021	2020
	No. of Shares	No. of Shares
DIRECTORS' INDIRECT SHAREHOLDING		
A Z Holdings (Pvt) Ltd.	94,092,305	94,092,305
Saraz Investments (Pvt) Ltd.	89,565,277	89,565,277
Blueberry Investments (Pvt) Ltd.	88,927,940	88,927,940
Amagroup (Pvt) Ltd.	88,927,333	88,927,333
DIRECTORS' DIRECT SHAREHOLDING		
Mr. H.N. Esufally (Chairman)	5,791,640	5,791,640
Ms. K.C. Wilson (CEO)	-	-
Mr. A.N. Esufally	117,353	117,353
Mr. I.A.H. Esufally	4,586,284	4,586,284
Mr. M. A. H. Esufally	6,164,633	6,164,633
Mr. J. M Trivedi	-	-
Mr. A.S. Amaratunga	-	-
Dr. S.A.B Ekanayake	-	-
Mr.S.J. De Silva Wijeratne	-	-
	378,172,765	378,172,765

Public Holding as at 30 June	2021	2020
Issued Share Capital (No. of Shares)	596,546,025	596,043,425
Public Holding as a % of Issued Share Capital	35.75%	35.70%
Total Number of Shareholders	7,065	4,802
Number of Shareholders representing the Public Holding	7,050	4,787

Minimum Public Holding Requirement as per Listing Rules 7.13.1

	Float Adjusted Market Capitalisation - (LKR)	Public Holding Percentage	No of Shareholders	Option
Minimum Public Holding as at 30 June 2021	17,402,927,423	35.75%	7,050	1

CORPORATE INFORMATION

Legal Form

A limited Liability Company incorporated in Sri Lanka and listed on the Colombo Stock Exchange on 15th October 2003.

Date of Incorporation

10 December 1948

Date of Registration

30 May 2007

Company Registration Number

PQ 6

Accounting year end

31 March

Registered Office

Hemas House
No. 75, Braybrooke Place,
Colombo 2.

Website

www.hemas.com

Telephone

+ 94 11 4731731

Auditors

Ernst & Young
Chartered Accountants
No. 201, De Saram Place, Colombo 10.

Directors

Husein Esufally (Chairman)
Kasturi Chellarja Wilson (CEO)
Imtiaz Esufally
Murtaza Esufally
Abbas Esufally
Dr. Anura Ekanayake
Amitha Saktha Amaratunga
Jyotindra Manibhai Trivedi
Sriyan De Silva Wijeratne

Secretaries

Hemas Corporate Services (Pvt) Ltd.
No.75, Braybrooke Place, Colombo 02.
Telephone: +94 11 4731731 (hunting)
Facsimile: +94 11 4731777

Registrars

SSP Corporate Services (Pvt) Ltd.
No. 101, Inner Flower Road, Colombo 03.
Telephone: +94 11 2573894, +94 11 2576871
Email: sspsec@sltnet.lk

Lawyers to the Company

D.L. & F De Saram, Attorneys-at-law
No. 47, Alexandra Place, Colombo 7.

Investor Relations

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Email: ir@hemas.com

Bankers

Commercial Bank of Ceylon PLC
Deutsche Bank AG
The Hongkong & Shanghai Banking Corp. Ltd.
Hatton National Bank PLC
Standard Chartered Bank
Nations Trust Bank PLC
People's Bank
National Development Bank PLC
Sampath Bank PLC
DFCC Bank PLC
Citi Bank N.A.
Bank of Ceylon

